



### Front Street

with 53 historic buildings, Old Sacramento probably has more buildings of historic value condensed into its 28 acres than any area of similar size in the west.

## **Property Taxes**

The elected Members of the Board hear appeals concerning the assessed values of state-assessed properties, private railroad cars, and taxable properties owned by local governments but located outside their boundaries. The Members also hear appeals of timber tax decisions and welfare exemption claim denials. While disputes may be resolved through discussion with staff, the Board Members make the ultimate decision on all property tax appeals.

In 2006-07, taxpayers filed 78 property tax appeals with the Board:

- 76 petitions from state-assessed public utilities
- 2 welfare exemption claims

Property tax appeals conferences precede any Board hearing on the appeal and are a means of clarifying and narrowing issues, exchanging information and records, and facilitating resolution of legal and valuation issues. The information elicited at the appeals conferences enable appeals attorneys to draft accurate and complete hearing summaries and recommendations for the Board's consideration in making decisions on these petitions.

## **Sales and Use Taxes and Special Taxes and Fees**

Taxpayers who disagree with staff decisions regarding taxes or fees they owe may seek resolution through the BOE's administrative appeals process. The formal appeals process generally begins with filing a written appeal called a petition for redetermination. The appeal may progress through a series of steps to a hearing before the Board Members.

Petitions for redetermination filed this year included:

- 829 sales and use tax appeals.
- 663 consumer use tax appeals.
- 1,610\* special taxes and fee appeals.

A taxpayer whose appeal is denied by the Board must pay the tax or fee determined to be due, but may thereafter file a claim for refund. If the Board denies the claim, the taxpayer may file a refund action in superior court.

The agency offers a settlement program for certain tax and fee disputes. In 2006-07, staff settled 109 sales and use tax cases for a total settlement amount of \$6.03 million. The Board approved 9 special taxes or fee settlements for a total settlement amount of \$501,459.

The agency also has an offer in compromise program for closed businesses that cannot pay the full tax or fee amounts they owe.

## **Corporate Franchise and Personal Income Taxes**

The elected Board Members serve as the administrative appeal body over final actions by the Franchise Tax Board (FTB). In that capacity, the Board Members interpret and apply the state's franchise and income tax laws. The Members hear appeals filed under the following:

- Bank and Corporation Tax Law
- Personal Income Tax Law
- Homeowner and Renter Property Tax Assistance Law

If a taxpayer disagrees with a determination by the FTB, the taxpayer may appeal that determination to the Board. The BOE's Appeals Division evaluates the issues of law and fact for each appeal based on the information provided by each party. The Board Members review the staff evaluation and any additional information found in the written record or provided at a hearing and make a final determination. If the Board denies a taxpayer's appeal, the taxpayer may file a refund action in superior court.

While any taxpayer dissatisfied with a final action of the FTB may file an appeal with the Board of Equalization, taxpayers who have paid their tax liability may choose instead to file an action in superior court. Consequently, the appeal figures in the following sections do not necessarily reflect the total number of California taxpayers who disputed a final action by the FTB in 2006-07.

\*This includes 1,274 appeals that were filed in response to litigation pending on the imposition of the water rights fee and 206 appeals related to cigarette and tobacco products licensing violations.

### **Corporate Franchise and Personal Income Taxes**

In 2006-07, the BOE received 704 appeals filed under the Bank and Corporation Tax Law and the Personal Income Tax Law. The Board issued 335 decisions, considering 84 of the cases at oral hearings and deciding the remaining appeals based upon a review of the written record. There were 51 petitions for rehearing.

### **Homeowner and Renter Property Assistance**

In 2006-07, the BOE received 1,019 homeowner and renter property assistance appeals. The Board dismissed 274 appeals because the FTB paid the appellants' claims in full or in part, or because the appellants agreed with the FTB that they were not entitled to the assistance. The Board issued 133 decisions, considering five of the cases at oral hearing and deciding the remainder based on review of the written record. Applicants filed five petitions for rehearing.



*Capitol mall in sacramento combines the present with the past. Light rail trains carrying commuters bisect tree-lined intersections with the historic capitol building, in the background.*